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Report Highlights:

This report provides a news synopsis of trade policy and agriculture/commodities in China. It includes: (1) AQSIQ Issues New Feed and Feed Additive Regulation; (2) CADB Provided Record Loan for Domestic Cotton Marketing; (3) Peanut Production Is Likely to Receive Subsidy in 2010; (4) Soybean State Reserve to Be Auctioned Again; (5) Fishery Production Increased 5 percent in the First Five Months of 2009; (6) China Frozen Food Sector Continues Its Growth Despite Crisis.

General Information:

Policy

AQSIQ Issues New Feed and Feed Additive Regulation: China recently introduced a new regulation concerning import requirements for feed and feed additives covering quarantine procedures, registration, and other aspects of feed and feed additive trade. The Administration for Quality, Supervision, Inspection, and Quarantine (AQSIQ) published Decree No. 118 on July 20 to go into force on September 1, 2009. Feed and feed products not currently registered in China may face trade disruptions as a result of this measure. FAS Beijing will soon release a full English translation of the document.

CADB Provided Record Loan for Domestic Cotton Marketing: China Agriculture Development Bank (CADB) provided a record loan of USD\$16 billion to the 2009 domestic cotton marketing and related cotton industry, up 18

percent over the previous year. This increase included USD\$5 billion for the purchase of 2.75 MMT for the state reserve, as well as an estimated USD\$3.5 billion loan to meet other fund needs for the cotton industry. (Resource: Grain and Oils Daily, 07/30/09)

Peanut Production is Likely to Receive Subsidy in 2010: According to China Chamber of Commerce for Food, Native Produce and Animal Products, the Chinese Ministry of Agriculture is discussing measures to increase peanut planted area, including providing seed to peanut producers in 2010. China's industry insiders said the peanut is a good substitute for soybeans because of its high oil content. (Resource: Grain and Oils Daily, 08/01/09)

Commodity

Soybean State Reserve to Be Auctioned Again: In an effort to support Chinese farmers in 2009, a state level Chinese authority called the National Development and Reform Commission (NDRC) purchased about 7 MMT of domestic soybeans at an inflated price for the state reserve. However it has had difficulties selling the product at auction as its asking price has been higher than imported soybean prices. According to the China National Grain and Oilseed Information Center (CNGOIC), the NDRC will again try to sell 500,000 MT of soybeans from the state reserve on August 12 in Hefei, Anhui Province. (Resource: CNGOIC daily news, 08/10/09)

Fishery Production Increased 5 percent in the First Five Months of 2009: Fishery production reached 14.75 MMT in the first five months of 2009, up five percent over the previous year. Out of the total production, cultured production stood at 10.29 MMT, up more than seven percent. Domestic sales of fishery product continued to grow, up five percent in terms of volume and value, respectively. The export of fishery products was impacted by the slowdown of the world economy, however, it showed a slight recovery in May. (Resource: China Fishery News, 07/27/09)

Other

China Frozen Food Sector Continues Its Growth Despite Crisis: The 8th Frozen Food Industry Conference held on August 6th in Beijing highlighted rapid growth of the sector in 2008 and the first half of 2009. By the end of 2008, the number of major enterprises in the industry has increased to 243, up 26 from the year before. At the same time, both production volume and value reached a new high of 2.16 million tons and RMB 22 billion. This was up 26.3% and 30.4% from a year before. At the conference, 77.8% of sector leaders said that the impact of the financial crisis on their business in 2009 was limited, while 89% were satisfied with their business' performance. (Source: ATO Beijing)